

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Richfield Township	County Roscommon
Fiscal Year End 3/31/07	Opinion Date 10/10/2007	Date Audit Report Submitted to State 1/15/2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

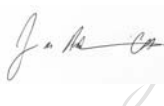
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) James M. Anderson, P.C.		Telephone Number (989) 563-2450		
Street Address P.O. Box 255		City Roscommon	State MI	Zip 48653
Authorizing CPA Sign: 	<small>Digitally signed by James M. Anderson, CPA DN: cn=James M. Anderson, CPA, c=US, o=James M. Anderson, P.C., email=jma@m33access.com Date: 2008.01.15 14:03:27 -0500</small>	Printed Name James M. Anderson, CPA		License Number 1101017419



**TOWNSHIP OF RICHFIELD  
ROSCOMMON COUNTY, MICHIGAN  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2007**



**TOWNSHIP OFFICIALS**

Supervisor

Richard A. Wood

Clerk

Pamela J. Scott

Treasurer

Judy L. Scroggin

**TRUSTEES**

Tula Alexander

James L. VanWormer



**TOWNSHIP OF RICHFIELD**

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**TOWNSHIP OF RICHFIELD**

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## James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT AUDITOR'S REPORT

October 10, 2007

Township Board  
Richfield Township  
Roscommon County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Richfield, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

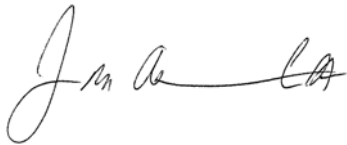
In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund activity, and the aggregate remaining fund information of the Township of Richfield, as of March 31, 2007, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-9 and budgetary comparison information on pages 32-40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

MEMBER MACPA and AICPA



My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Richfield's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in cursive script, appearing to read "J. M. Anderson", followed by a stylized "CPA" or similar initials.

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT



## TOWNSHIP OF RICHFIELD MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Richfield Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007.

### **Financial Highlights**

- . The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$2,801,608 (*net assets*). Of this amount, \$1,774,210 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations.
- . The Township's total net assets increased by \$358,507.
- . As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$348,059, an increase of \$68,518 in comparison with the prior year.
- . At the end of the current fiscal year, unreserved fund balance for the general fund was \$348,059 or 74% of total general expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1)Government-wide financial statements, 2)Fund financial statements, and 3)Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and recreation and cultural. The Township does not have any business-type activities as of and for the year ended March 31, 2007.

The Government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains thirty-nine governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, Law Enforcement, Ambulance, Waste Disposal, and remaining other funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-13 and 15-16 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-31 of this report.

**Government-wide Financial Analysis**

A portion of the Township's net assets (36%) reflects its investments in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

**Township's Net Assets**

	Governmental Activities			
	2007	2006	Variance	%
Current and Other Assets	\$ 1,886,516	\$ 1,637,246	\$ 249,270	15.22
Capital Assets, Net	<u>1,207,214</u>	<u>1,215,604</u>	<u>(8,390)</u>	<u>(0.69)</u>
Total Assets	<u>3,093,730</u>	<u>2,852,850</u>	<u>240,880</u>	<u>8.44</u>
Current Liabilities	126,769	197,016	(70,247)	(35.65)
Long-Term Liabilities	<u>165,353</u>	<u>212,733</u>	<u>(47,380)</u>	<u>(22.27)</u>
Total Liabilities	<u>292,122</u>	<u>409,749</u>	<u>(117,627)</u>	<u>(28.71)</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,016,183	968,309	47,874	4.94
Restricted	11,215	9,820	1,395	14.21
Unrestricted	<u>1,774,210</u>	<u>1,464,972</u>	<u>309,238</u>	<u>21.11</u>
<b>Total Net Assets</b>	<u><u>\$ 2,801,608</u></u>	<u><u>\$ 2,443,101</u></u>	<u><u>\$ 358,507</u></u>	<u><u>14.67</u></u>



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Township's net assets increased by \$358,507 during the current fiscal year. Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$309,238 or 21%, during fiscal year 2007.

**Township's Changes in Net Assets**

	<b>Governmental Activities</b>		Variance	%
	2007	2006		
<b>Revenue:</b>				
Program Revenue:				
Charges for Services	\$ 359,122	\$ 318,295	\$ 40,827	12.83
Operating Grants and Contributions	111,079	69,912	41,167	58.88
Capital Grants and Contributions	104,530	129,245	(24,715)	(19.12)
General Revenue:				
Property Taxes	1,148,266	1,039,280	108,986	10.49
State-Shared Revenues	333,818	336,554	(2,736)	(0.81)
Interest	63,542	29,365	34,177	10.15
Gain (Loss) on Sale of Fixed Assets	(8,905)	(10,691)	1,786	16.71
<b>Total Revenue</b>	<u>2,111,452</u>	<u>1,911,960</u>	<u>199,492</u>	<u>10.43</u>
<b>Expenses:</b>				
General Government	466,717	450,978	15,739	3.49
Public Safety	848,501	749,595	98,906	13.19
Public Works	340,199	382,855	(42,656)	(11.14)
Recreation and Culture	87,871	81,047	6,824	8.42
Other	9,657	12,958	(3,301)	(25.47)
<b>Total Expenses</b>	<u>1,752,945</u>	<u>1,677,433</u>	<u>75,512</u>	<u>4.50</u>
<b>Increase in Net Assets</b>	358,507	234,527	123,980	52.86
Net Assets, Beginning of Year	<u>2,443,101</u>	<u>2,208,574</u>	<u>234,527</u>	<u>10.62</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,801,608</u>	<u>\$ 2,443,101</u>	<u>\$ 358,507</u>	<u>14.67</u>

**Governmental activities.** The Township's total governmental revenues increased by \$199,492 from last fiscal year. This was primarily attributed to additional revenue from charges for services, operating grants and property taxes. Expenses increased by \$75,512. The increase was primarily due to increases in public safety.

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,814,726, an increase of \$318,169 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 99% of this total amount.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 74% of total general fund expenditures.

The fund balance of the General Fund increased by \$68,518 during the current fiscal year.

### General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire, Law Enforcement, Ambulance, Waste Disposal, Park, Liquor Law Enforcement, Building Codes, Budget Stabilization, Drug Law Enforcement, Library, and Cemetery Fund.

### Capital Assets and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounted to \$1,207,214 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$159,129 for the fiscal year.

#### Township's Capital Assets (net of depreciation)

	<u>2007</u>	<u>2006</u>	<u>Total Percentage Change</u>
Land	\$ 90,000	\$ 90,000	0.00
Buildings and Improvements	363,961	342,890	6.15
Machinery and Equipment	<u>753,253</u>	<u>782,714</u>	<u>3.76</u>
Total	<u><u>\$ 1,207,214</u></u>	<u><u>\$ 1,215,604</u></u>	<u><u>0.69</u></u>

Additional information on the Township's capital assets can be found in note F on page 26 of this report.



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Factors Bearing on the Township's Future**

The following factors were considered in preparing the Township's budget for the 2007-2008 fiscal year:

- . A new well has been drilled and 30 camp sites currently have water and electricity. In addition 38 rustic camp sites are now available for use at the township park. Plans are to add 25 additional rustic sites in FY 07/08. A dump station has been installed for travel trailers. Construction of rustic bathrooms will be completed this year. The DNR approved and constructed an ORV trail through a 30 acre parcel of state land adjacent to the township park. The Richfield Township Park is one of only three parks in the state where campers have the ability to ride ORVs from their campsite to the trailhead. All revenue from rental of campsites has been earmarked for park improvements.
- . A \$17,200 grant was received from USDA and a new 65KW generator was placed into service at the township hall.
- . A \$28,800 grant was received from USDA and a new fully equipped patrol car purchased.
- . A \$20,000 grant was received from USDA and a new township maintenance truck was purchased.
- . The compost and recycling center has been constructed and in full operation. A part time employee has been hired eight hours per week to oversee the center.
- . A pole building has been constructed adjacent to the tennis courts for the housing of township park and compost equipment.
- . As part of Emergency Management training for FY 07/08 a disaster drill was conducted involving Richfield Township Fire and EMS, Richfield Township Police, Hazardous Materials Team (HAZMAT), Red Cross and Richfield Community Emergency Response Team (CERT). The drill simulated a car/train accident with injuries and a hazardous material spill. The Richfield Emergency Shelter was activated by the Red Cross and CERT members. Updating of the Emergency Management Standard Operating Procedure (SOP) is being planned for FY 07/08.
- . Construction of a 40 bed nursing home was completed and is in operation. Employees are drawn from local work force.



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Richfield Township  
P.O. Box 128  
St Helen, MI 48656**



TOWNSHIP OF RICHFIELD  
STATEMENT OF NET ASSETS  
MARCH 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 572,362
Receivables:	
Property Taxes and Assessments	1,173,816
Accounts Receivable	25,174
Interest	14,352
Other Governmental Units	<u>100,812</u>
Total Current Assets	1,886,516
Non-Current Assets:	
Capital Assets - Net	<u>1,207,214</u>
Total Assets	<u>3,093,730</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	46,966
Deferred Revenue	24,824
Current Portion of Long-Term Debt	<u>54,979</u>
Total Current Liabilities	<u>126,769</u>
Long-Term Liabilities:	
Notes and Leases Payable	136,052
Compensated Absences	<u>29,301</u>
Total Long Term Liabilities	<u>165,353</u>
Total Liabilities	<u>292,122</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,016,183
Restricted for Library Improvements	11,215
Unrestricted	<u>1,774,210</u>
Total Net Assets	<u>\$ 2,801,608</u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
GOVERNMENTAL ACTIVITIES					
General	\$ (466,717)	\$ 71,741	\$ 4,772	\$ 17,200	\$ (373,004)
Public safety	(848,501)	281,897	49,360	87,330	(429,914)
Public works	(340,199)	-0-	-0-	-0-	(340,199)
Recreation and cultural	(87,871)	5,484	56,947	-0-	(25,440)
Interest on long term debt	<u>(9,657)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(9,657)</u>
Total Governmental Activities	<u><u>\$(1,752,945)</u></u>	<u><u>\$ 359,122</u></u>	<u><u>\$ 111,079</u></u>	<u><u>\$ 104,530</u></u>	<u><u>(1,178,214)</u></u>
GENERAL REVENUES					
Property Taxes Levied for:					
General purpose					166,647
Public safety					558,768
Public works					414,819
Recreation and cultural					8,032
State shared revenue not restricted to specific purposes					333,818
Investment earnings					63,542
Gain (loss) on sale of fixed assets					<u>(8,905)</u>
Total General Revenues					<u>1,536,721</u>
Change in Net Assets					358,507
Net Assets - April 1					<u>2,443,101</u>
Net Assets - March 31					<u><u>\$ 2,801,608</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2007

	<u>General</u>	<u>Fire</u>	<u>Law Enforcement</u>	<u>Ambulance</u>
ASSETS				
Cash and investments	\$ 50,717	\$ 157,562	\$ 9,849	\$ 188,943
Taxes receivable	200,702	179,657	298,848	79,810
Accounts receivable	350	-0-	-0-	24,824
Interest receivable	14,352	-0-	-0-	-0-
Due from other governmental units	<u>100,812</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 366,933</u>	<u>\$ 337,219</u>	<u>\$ 308,697</u>	<u>\$ 293,577</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 18,874	\$ 1,247	\$ 6,309	\$ 15,584
Deferred revenue	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>24,824</u>
Total Liabilities	<u>18,874</u>	<u>1,247</u>	<u>6,309</u>	<u>40,408</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>348,059</u>	<u>335,972</u>	<u>302,388</u>	<u>253,169</u>
Total Fund Equity	<u>348,059</u>	<u>335,972</u>	<u>302,388</u>	<u>253,169</u>
Total Liabilities and Fund Equity	<u>\$ 366,933</u>	<u>\$ 337,219</u>	<u>\$ 308,697</u>	<u>\$ 293,577</u>

The accompanying notes are an integral part of these financial statements.



<u>Waste Disposal</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 36,060	\$ 129,231	\$ 572,362
327,888	86,911	1,173,816
-0-	-0-	25,174
-0-	-0-	14,352
<u>-0-</u>	<u>-0-</u>	<u>100,812</u>
<u>\$ 363,948</u>	<u>\$ 216,142</u>	<u>\$ 1,886,516</u>
\$ 2,129	\$ 2,823	\$ 46,966
<u>-0-</u>	<u>-0-</u>	<u>24,824</u>
<u>2,129</u>	<u>2,823</u>	<u>71,790</u>
-0-	11,215	11,215
<u>361,819</u>	<u>202,104</u>	<u>1,803,511</u>
<u>361,819</u>	<u>213,319</u>	<u>1,814,726</u>
<u>\$ 363,948</u>	<u>\$ 216,142</u>	<u>\$ 1,886,516</u>



TOWNSHIP OF RICHFIELD  
RECONCILIATION OF FUND BALANCES ON BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
MARCH 31, 2007

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES \$ 1,814,726

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are  
not current financial resources and therefore are  
not recorded in the funds. This represents the  
amounts by which capital assets used in  
governmental funds exceeds accumulated deprecia-  
tion. 1,207,214

Long-term liabilities, including notes/bonds  
payable and accrued liabilities are not due and  
payable in the current period and therefore are not  
reported in the funds. (220,332)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 2,801,608

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2007

	<u>General</u>	<u>Fire</u>	<u>Law Enforcement</u>
Revenues:			
Taxes and assessments	\$ 166,647	\$ 179,693	\$ 299,265
Intergovernmental	355,790	58,530	76,871
Charges for services	46,867	3,525	2,419
Licenses, permits and fees	6,906	-0-	-0-
Interest	41,544	5,243	4,178
Other	<u>2,790</u>	<u>80</u>	<u>20,474</u>
Total Revenues	<u>620,544</u>	<u>247,071</u>	<u>403,207</u>
Expenditures:			
General government	467,026	-0-	-0-
Public safety	-0-	110,675	443,384
Public works	-0-	-0-	-0-
Recreation and culture	-0-	-0-	-0-
Debt service:			
Principal	-0-	33,066	6,767
Interest and fees	<u>-0-</u>	<u>6,587</u>	<u>501</u>
Total Expenditures	<u>467,026</u>	<u>150,328</u>	<u>450,652</u>
Excess:			
Revenue over (under) expenditures	<u>153,518</u>	<u>96,743</u>	<u>(47,445)</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	65,000
Operating transfers (out)	<u>(85,000)</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>-0-</u>	<u>65,000</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	68,518	96,743	17,555
Fund Balance - April 1	<u>279,541</u>	<u>239,229</u>	<u>284,833</u>
Fund Balance - March 31	<u>\$ 348,059</u>	<u>\$ 335,972</u>	<u>\$ 302,388</u>

The accompanying notes are an integral part of these financial statements.



<u>Ambulance</u>	<u>Waste Disposal</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 79,810	\$ 327,888	\$ 94,963	\$ 1,148,266
-0-	-0-	3,143	494,334
218,215	-0-	3,462	274,488
-0-	-0-	37,291	44,197
8,836	-0-	3,741	63,542
<u>3,888</u>	<u>-0-</u>	<u>73,298</u>	<u>100,530</u>
<u>310,749</u>	<u>327,888</u>	<u>215,898</u>	<u>2,125,357</u>
-0-	-0-	18,417	485,443
189,391	-0-	40,649	784,099
-0-	344,592	29,857	374,449
-0-	-0-	97,276	97,276
16,431	-0-	-0-	56,264
<u>2,569</u>	<u>-0-</u>	<u>-0-</u>	<u>9,657</u>
<u>208,391</u>	<u>344,592</u>	<u>186,199</u>	<u>1,807,188</u>
<u>102,358</u>	<u>(16,704)</u>	<u>29,699</u>	<u>318,169</u>
-0-	-0-	20,000	85,000
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(85,000)</u>
<u>-0-</u>	<u>-0-</u>	<u>20,000</u>	<u>-0-</u>
102,358	(16,704)	49,699	318,169
<u>150,811</u>	<u>378,523</u>	<u>163,620</u>	<u>1,496,557</u>
<u>\$ 253,169</u>	<u>\$ 361,819</u>	<u>\$ 213,319</u>	<u>\$ 1,814,726</u>



TOWNSHIP OF RICHFIELD  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 318,169

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds do not report long-term debt; therefore,  
debt service payments are recorded as expenditures.  
However in government-wide financial statements, long-term  
debt is recorded as a liability and payments are applied  
against the outstanding balances. 48,728

Governmental funds report capital outlays as expenditures.  
However in the statement of activities, the cost of these  
assets are capitalized and depreciation charged to expense  
over their useful life. (8,390)

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 358,507

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2007

ASSETS	
Cash and Investments	<u>\$1,033,932</u>
LIABILITIES	
Due to Governmental Units	5,476
Undistributed Collections	<u>1,028,456</u>
Total Liabilities	<u>1,033,932</u>
NET ASSETS	
Net Assets	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED MARCH 31, 2007

REVENUES	
Property Tax Collections	\$ 3,844,388
Interest Collections	13,378
Health Care Benefits	2,584
Payroll Tax Withholdings	<u>231,469</u>
Total Revenues	<u>4,091,819</u>
EXPENDITURES	
Property Taxes	3,844,388
Payroll Tax Withholdings	231,469
Other	<u>15,962</u>
Total Expenditures	<u>4,091,819</u>
Excess of Revenues over Expenditures	-0-
Net Assets - April 1	<u>-0-</u>
Net Assets - March 31	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2007

NOTE A: ENTITY

The Township of Richfield is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including law enforcement, fire and ambulance services, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of Richfield (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Richfield conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a Township-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2007

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* is used to account for all financial activity related to the Township's fire service. The main source of revenue is derived from property taxes.

The *Law Enforcement Fund* is used to account for all financial activity related to the Township's police department. The main source of revenue is derived from property taxes and grants.

The *Ambulance Fund* is used to account for activity related to the Township's ambulance services. The major source of revenue is from property taxes and ambulance fees.

The *Waste Disposal Fund* is used to account for the Township's refuse pick-up services. The primary source of revenue is derived from property tax assessments.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2007

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Additionally, the Township reports the following fund types:

*Special Revenue Funds* are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

*Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term debt of the Township.

*Capital Project Funds* account for the special assessment revenue and related expenditures for road improvement.

*Agency Funds* are used to account for assets held on behalf of outside parties, including other governments.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2006, are recorded as revenue in the current year. The Township's taxable value for the 2006 tax year totaled \$121,133,603.

The tax rates for the year ended March 31, 2007, were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
General	1.3808 mills per \$1,000
Fire	1.0000 mills per \$1,000
Ambulance	0.7500 mills per \$1,000
Police	1.5000 mills per \$1,000
Fire District	0.5000 mills per \$1,000
Police Special	1.0000 mills per \$1,000
Refuse	Special Assessment

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year. Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2007

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure), is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

LONG-TERM OBLIGATIONS - In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31 2007

NOTE C - CASH AND INVESTMENTS

The captions or combined balance sheet related to deposits and investments are as follows:

	<u>Cash and Deposits</u>
Government Activities	\$ 572,362
Agency Funds	<u>1,033,932</u>
Total	<u>\$ 1,606,294</u>

The Government Accounting Standards Board Statement No. 3 risk disclosures for Richfield Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 205,588	\$ 215,493
Uninsured and Uncollateralized	<u>1,400,706</u>	<u>1,429,359</u>
Total Deposits	<u>\$ 1,606,294</u>	<u>\$ 1,644,852</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$1,606,294 and the bank balance was \$1,644,852. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 13% of the total bank balance was covered by federal depository insurance.

Investments - P.A. 20 of 1943, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31 2007

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of ambulance patient receivables of \$24,824 and miscellaneous receivables of \$350, totaling \$25,174.

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of amounts due from the federal government of \$17,200, State of Michigan of \$47,384, and Roscommon County of \$36,228, totaling \$100,812.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2007

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2007 was as follows:

<u>Primary Government</u>	<u>Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 90,000	\$ -0-	\$ -0-	\$ 90,000
Total capital Assets, not being depreciated	90,000	-0-	-0-	90,000
Capital assets, being depreciated:				
Building and improvements	558,301	37,830	-0-	596,131
Machinery and equipment	1,136,684	121,299	27,810	1,230,173
Total capital assets, being depreciated	1,694,985	159,129	27,810	1,826,304
Less accumulated depreciation for:				
Buildings and improvements	215,411	16,759	-0-	232,170
Machinery and equipment	353,970	136,855	13,905	476,920
Total accumulated depreciation	569,381	153,614	13,905	709,090
Net capital assets, being depreciated	1,125,604	5,515	13,905	1,117,214
Net governmental activities capital assets	<u>\$ 1,215,604</u>	<u>\$ 5,515</u>	<u>\$ 13,905</u>	<u>\$ 1,207,214</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 14,460
Public safety	131,043
Public works	581
Recreation and cultural	7,530
Total depreciation expense - governmental activities	<u>\$ 153,614</u>

NOTE G - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2007:

	<u>No. of Issues</u>	<u>Maximum Interest Rate %</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Ambulance Installment Purchases	1	5.49%	2009	\$ 42,539
Law Enforcement Lease Purchases	1	6.71%	2007	3,531
Fire Lease Purchase	1	3.51%	2010	144,961
Total				<u>\$ 191,031</u>

CHANGES IN LONG-TERM DEBT

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 21,765	\$ 7,536	\$ -0-	\$ 29,301	-0-
Ambulance Installment Purchases	58,970	-0-	16,431	42,539	17,158
Law Enforcement Lease Purchases	10,298	-0-	6,767	3,531	3,531
Fire Pumper Truck Lease Purchase	178,027	-0-	33,066	144,961	34,290
Totals	<u>\$ 269,060</u>	<u>\$ 7,536</u>	<u>\$ 56,264</u>	<u>\$ 220,332</u>	<u>\$ 54,979</u>



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE G - LONG-TERM DEBT (CONTINUED)

Annual requirements to amortize outstanding notes payable at March 31, 2007 are as follows:

	General Long-Term Debt			
	Law Enforcement	Ambulance	Fire Truck	Totals
2007-2008	\$ 3,634	\$ 19,000	\$ 39,653	\$ 62,287
2008-2009	-0-	19,000	39,653	58,653
2009-2010	-0-	7,804	39,653	47,457
2010-2011	<u>-0-</u>	<u>-0-</u>	<u>39,653</u>	<u>39,653</u>
Subtotal	3,634	45,804	158,612	208,050
Less-interest requirements	<u>(103)</u>	<u>(3,265)</u>	<u>(13,651)</u>	<u>(17,019)</u>
	<u>\$ 3,531</u>	<u>\$ 42,539</u>	<u>\$ 144,961</u>	191,031
Compensated Absences				<u>29,301</u>
Total Principal Outstanding				<u>\$ 220,332</u>

Law Enforcement Lease Purchase - At regular meetings of the Township Board, it was moved and supported to enter into a lease purchase agreement for a 2005 Crown Victoria patrol car and a 2005 Ford Expedition. The payment schedule requires six semi-annual payments (6.71% annual) of \$4,374.19 commencing December 23, 2002 and continuing until June 23, 2005 and eight semi-annual payments (6.71% annual) at \$3,633.80 commencing December 9, 2003 and continuing until June 9, 2007. The Township will acquire ownership titles at the end of the payment schedules.

Ambulance Installment Purchases - On November 30, 2004, the Township Board purchased a 2003 Ford E-350 Ambulance financed through an installment purchase agreement. The original balance was \$74,750 with four annual payments of \$19,000 beginning December 1, 2005 and a balloon payment of \$7,803 on December 1, 2009. Interest accrues at a rate of 4.25%.

Fire Lease Purchase - On June 25, 2003, the Township entered into a lease purchase agreement for the purchase of a fire pumper truck. The agreement called for a down payment of \$82,174 and seven annual payments of \$39,653 starting July 13, 2004 with the final payment on July 13, 2010.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2007

NOTE H - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Township Participating Plan. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 2,219,425	\$ 100
Liability	2,000,000	-0-
Errors and Omission	2,000,000	5,000
Law Enforcement	2,000,000	-0-
Automobiles	2,000,000	100
Crime	10,000	-0-
Inland Marine	181,300	100
EDP	35,000	100
Workmen's Compensation	STATUTORY	-0-

NOTE I - RESTRICTED NET ASSETS

The Board has restricted \$11,215 in the Library Fund representing donated monies that are to be used in a future building project that has not yet started.

NOTE J - POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note K the Township of Richfield provides post-retirement health care benefits. To be eligible, full time employees and elected officials must have more than 15 years of service with Richfield Township. These benefits were established by Board resolution and are funded on a pay-as-you-go basis. The cost for two participants during the year ended March 31, 2007 was \$19,072.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE K - PENSION PLANS

Plan Description

Richfield Township participates in a defined benefit retirement plan administered by the Michigan Municipal Employees Retirement System, (MERS). The Townships payroll for the 11 members covered by the system for the year ended December 31, 2006 was \$340,455.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity qualified under section 401(a) of the Internal Revenue Code, which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

All full time Township employees are eligible to participate in the system. Benefits vest after ten years of service. Township employees who retire at or after age 60 with 10 years credited service or age 50 with 25 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the member's 3-year final average compensation with a maximum benefit of 80% of the 3-year final average compensation. The system also provides death and disability benefits which are established by the State Statute.

Participating Township employees are required to contribute 6.0 percent of their annual salary to the system. The Township is required to contribute the remaining amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2006. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (d) the assumption that benefits will increase 2.5% annually after retirement.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE K - PENSION PLANS (CONTINUED)

All entries are based on the actuarial methods and assumption that were used in the December 31, 2006 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/06)

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 1,409,083
Terminated employees not yet receiving benefits	69,263
Non-Vested terminated employees	9,743
Current Employees:	
Accumulated employee contributions including allocated investment income	92,730
Employer financed	<u>280,937</u>
Total actuarial accrued liability	1,861,756
Net assets available for benefits, at actuarial value (Market value is \$1,225,867)	<u>1,208,955</u>
Unfunded (over funded) actuarial accrued liability	<u><u>\$ 652,801</u></u>

GASB 27 INFORMATION (as of 12/31/06)

Fiscal year beginning	April 1, 2008
Annual required contribution (ARC)	\$ 63,168
Amortization factor used	0.054719



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE K - PENSION PLANS (CONTINUED)

Contributions Required and Contributions Made - MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and the amortization payment for the fiscal year ended December 31, 2006 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

<u>Annual Pension Cost</u> Year Ended December 31,	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2004	\$ 52,291	100%	\$ -0-
2005	47,467	100%	-0-
2006	47,848	100%	-0-

Aggregate Accrued Liabilities - Comparative Schedule

<u>Actuarial Valuation Date December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2004	\$ 1,127,812	\$ 1,645,630	\$ 517,818	69%	\$ 389,603	133%
2005	1,157,385	1,677,214	519,829	69%	333,610	156%
2006	1,208,955	1,861,756	652,801	65%	340,455	192%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, 2000, and 2004 valuations. The funding method was changed to entry age normal for the 1993 valuation.

NOTE L - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

During the year ended March 31, 2007, the Department incurred expenditures in excess of the amounts appropriated in the General Fund and Law Enforcement Fund as Follows:

<u>Fund</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Elections	\$ 7,950	\$ 8,326	\$ (376)
Treasurer	\$ 43,100	\$ 43,960	\$ (860)
Township Hall	\$ 214,950	\$ 216,252	\$ (1,302)
Special Revenue Funds:			
Law Enforcement	\$ 440,997	\$ 450,652	\$ (9,655)



**REQUIRED  
SUPPLEMENTAL  
INFORMATION**



TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 153,025	\$ 153,025	\$ 166,647	\$ 13,622
Trailer taxes	<u>120</u>	<u>120</u>	<u>-0-</u>	<u>(120)</u>
Total Taxes and Assessments	<u>153,145</u>	<u>153,145</u>	<u>166,647</u>	<u>13,502</u>
Intergovernmental:				
Federal grants	-0-	17,200	17,200	-0-
State shared revenues	300,000	300,000	297,595	(2,405)
Swamp tax	32,000	32,000	36,223	4,223
Metro act	<u>-0-</u>	<u>-0-</u>	<u>4,772</u>	<u>4,772</u>
Total Intergovernmental	<u>332,000</u>	<u>349,200</u>	<u>355,790</u>	<u>6,590</u>
Charges for Services:				
Fees	44,300	44,300	46,767	2,467
Rent	<u>500</u>	<u>500</u>	<u>100</u>	<u>(400)</u>
Total Charges for Services	<u>44,800</u>	<u>44,800</u>	<u>46,867</u>	<u>2,067</u>
Licenses and Permits	<u>5,000</u>	<u>5,000</u>	<u>6,906</u>	<u>1,906</u>
Interest	<u>15,000</u>	<u>15,000</u>	<u>41,544</u>	<u>26,544</u>
Other:				
Refunds & reimbursements	<u>1,000</u>	<u>1,000</u>	<u>2,790</u>	<u>1,790</u>
Total Other	<u>1,000</u>	<u>1,000</u>	<u>2,790</u>	<u>1,790</u>
Total Revenues	<u>550,945</u>	<u>568,145</u>	<u>620,544</u>	<u>52,399</u>



TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government				
Township Board:				
Salaries-board	\$ 4,800	\$ 4,800	\$ 4,800	\$ -0-
Payroll taxes	385	385	843	(458)
Fringe benefits	-0-	-0-	669	(669)
Legal fees	4,000	4,000	2,396	1,604
Dues	2,400	2,400	2,010	390
Professional services	3,500	3,500	2,900	600
Insurance and bonds	20,500	20,500	20,376	124
Printing and publishing	2,000	2,000	2,797	(797)
Office supplies	4,000	4,000	4,077	(77)
Miscellaneous	<u>2,300</u>	<u>2,300</u>	<u>651</u>	<u>1,649</u>
Total Township Board	<u>43,885</u>	<u>43,885</u>	<u>41,519</u>	<u>2,366</u>
Township Supervisor:				
Salaries & wages	55,140	55,140	55,184	(44)
Payroll taxes	4,220	4,220	4,222	(2)
Mileage	500	500	693	(193)
Office supplies	2,500	2,500	2,011	489
Printing & publishing	5,200	5,200	4,643	557
Education & training	<u>450</u>	<u>450</u>	<u>696</u>	<u>(246)</u>
Total Township Supervisor	<u>68,010</u>	<u>68,010</u>	<u>67,449</u>	<u>561</u>
Elections:				
Salaries & wages	5,000	5,000	5,652	(652)
Payroll taxes	-0-	-0-	433	(433)
Repairs and maintenance	1,000	1,000	1,606	(606)
Mileage	200	200	109	91
Office supplies	1,000	1,000	526	474
Printing & publishing	250	250	-0-	250
Capital outlay	<u>500</u>	<u>500</u>	<u>-0-</u>	<u>500</u>
Total Elections	<u>7,950</u>	<u>7,950</u>	<u>8,326</u>	<u>(376)</u>



TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Clerk:				
Salary - clerk	\$ 20,039	\$ 20,039	\$ 20,039	\$ -0-
Salary - deputy	7,800	7,800	6,850	950
Payroll taxes	2,300	2,300	2,057	243
Mileage	200	200	260	(60)
Office supplies	200	200	67	133
Education & training	<u>200</u>	<u>200</u>	<u>421</u>	<u>(221)</u>
Total Township Clerk	<u>30,739</u>	<u>30,739</u>	<u>29,694</u>	<u>1,045</u>
Township Treasurer:				
Salary - treasurer	22,000	22,000	20,039	1,961
Salary - deputy	10,000	10,000	12,445	(2,445)
Payroll taxes	2,450	2,450	2,485	(35)
Office supplies	4,000	4,000	4,714	(714)
Mileage	200	200	225	(25)
Tax statements	4,000	4,000	3,600	400
Education & training	<u>450</u>	<u>450</u>	<u>452</u>	<u>(2)</u>
Total Township Treasurer	<u>43,100</u>	<u>43,100</u>	<u>43,960</u>	<u>(860)</u>
Board of Review:				
Meeting allowance	1,000	1,000	75	925
Mileage	100	100	-0-	100
Printing & publishing	<u>100</u>	<u>100</u>	<u>33</u>	<u>67</u>
Total Board of Review	<u>1,200</u>	<u>1,200</u>	<u>108</u>	<u>1,092</u>



TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Hall:				
Salaries & wages	\$ 46,200	\$ 46,200	\$ 38,199	\$ 8,001
Payroll taxes	4,750	4,750	3,942	808
Utilities	10,200	10,200	13,991	(3,791)
Health insurance	95,800	95,800	101,170	(5,370)
Repairs and maintenance	12,800	12,800	13,433	(633)
Mileage	250	250	282	(32)
Communications	6,000	6,000	4,947	1,053
Supplies	500	500	1,445	(945)
Contracted services	11,750	11,750	8,428	3,322
Capital outlay	<u>9,500</u>	<u>26,700</u>	<u>30,415</u>	<u>(3,715)</u>
Total Township Hall	<u>197,750</u>	<u>214,950</u>	<u>216,252</u>	<u>(1,302)</u>
Planning & zoning:				
Wages & meetings	15,100	15,100	13,291	1,809
Payroll taxes	900	900	888	12
Legal & professional	1,000	1,000	681	319
Mileage	100	100	-0-	100
Office supplies	250	250	162	88
Printing & publishing	500	500	369	131
Miscellaneous	<u>200</u>	<u>200</u>	<u>90</u>	<u>110</u>
Total Planning & Zoning	<u>18,050</u>	<u>18,050</u>	<u>15,481</u>	<u>2,569</u>
Other Activities:				
M.E.R.S.	30,000	30,000	25,718	4,282
Airport	2,500	2,500	2,317	183
Street lights	18,800	18,800	16,202	2,598
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>-0-</u>	<u>4,000</u>
Total Other Activities	<u>55,300</u>	<u>55,300</u>	<u>44,237</u>	<u>11,063</u>
Total Expenditures	<u>465,984</u>	<u>483,184</u>	<u>467,026</u>	<u>16,158</u>



TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess:				
Revenues over (under) expenditures	\$ 84,961	\$ 84,961	\$ 153,518	\$ 68,557
Other Financing Sources (Uses):				
Operating transfers out	(109,961)	(109,961)	(85,000)	24,961
Total Other Financing Sources (Uses)	(109,961)	(109,961)	(85,000)	24,961
Excess:				
Revenue over (under) expenditures and other financing uses	(25,000)	(25,000)	68,518	93,518
Fund Balance - April 1	279,541	279,541	279,541	-0-
Fund Balance - March 31	<u>\$ 254,541</u>	<u>\$ 254,541</u>	<u>\$ 348,059</u>	<u>\$ 93,518</u>



TOWNSHIP OF RICHFIELD  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 164,866	\$ 164,866	\$ 179,693	\$ 14,827
Federal	-0-	-0-	58,530	58,530
Charges for services	15,000	15,000	3,525	(11,475)
Interest	3,500	3,500	5,243	1,743
Other	-0-	-0-	80	80
Total Revenues	<u>183,366</u>	<u>183,366</u>	<u>247,071</u>	<u>63,705</u>
Expenditures:				
Wages	45,400	45,400	27,300	18,100
Fringe benefits	3,500	3,500	1,964	1,536
Utilities	8,000	8,000	3,845	4,155
Communication	1,500	1,500	810	690
Training & education	1,400	1,400	826	574
Insurance	30,000	30,000	19,963	10,037
Supplies/repairs/maintenance	32,000	32,000	22,873	9,127
Services	1,650	1,650	725	925
Travel & meals	2,800	2,800	300	2,500
Miscellaneous	2,500	2,500	3,054	(554)
Equipment/building	96,726	96,726	29,015	67,711
Debt Source:				
Principal	21,206	21,206	33,066	(11,860)
Interest	-0-	-0-	6,587	(6,587)
Total Expenditures	<u>246,682</u>	<u>246,682</u>	<u>150,328</u>	<u>96,354</u>
Excess:				
Revenues over (under) expenditures	(63,316)	(63,316)	96,743	160,059
Fund Balance - April 1	<u>63,316</u>	<u>63,316</u>	<u>239,229</u>	<u>175,913</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 335,972</u>	<u>\$ 335,972</u>



TOWNSHIP OF RICHFIELD  
LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 271,000	\$ 271,000	\$ 299,265	\$ 28,265
Federal	-0-	73,797	70,290	(3,507)
State	5,600	5,600	6,581	981
Charges for services	200	200	2,419	2,219
Interest	2,000	2,000	4,178	2,178
Penal Fines	1,900	1,900	1,289	(611)
Other	11,500	11,500	19,185	7,685
Total Revenues	<u>292,200</u>	<u>365,997</u>	<u>403,207</u>	<u>37,210</u>
Expenditures:				
Wages	208,120	253,117	229,462	23,655
Payroll taxes	17,910	17,910	20,458	(2,548)
Fringe benefits	65,520	65,520	78,665	(13,145)
Utilities	3,500	3,500	5,175	(1,675)
Education & training	1,200	1,200	1,863	(663)
Office supplies	2,000	2,000	3,296	(1,296)
Insurance	21,000	21,000	21,874	(874)
Supplies/repairs	26,500	26,500	31,118	(4,618)
Contract services	2,500	2,500	3,263	(763)
Miscellaneous	800	800	3,022	(2,222)
Equipment lease	3,650	3,650	7,268	(3,618)
Capital outlay	14,500	43,300	45,188	(1,888)
Total Expenditures	<u>367,200</u>	<u>440,997</u>	<u>450,652</u>	<u>(9,655)</u>
Excess:				
Revenues over (under) expenditures	<u>(75,000)</u>	<u>(75,000)</u>	<u>(47,445)</u>	<u>27,555</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expendi- tures and financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>17,555</u>	<u>27,555</u>
Fund Balance - April 1	<u>10,000</u>	<u>10,000</u>	<u>284,833</u>	<u>274,833</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 302,388</u>	<u>\$ 302,388</u>



TOWNSHIP OF RICHFIELD  
 AMBULANCE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2007

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 80,219	\$ 80,219	\$ 79,810	\$ (409)
Charges for services	102,481	102,481	218,215	115,734
Interest	1,000	1,000	8,836	7,836
Other	-0-	-0-	3,888	3,888
Total Revenues	<u>183,700</u>	<u>183,700</u>	<u>310,749</u>	<u>127,049</u>
Expenditures:				
Wages	55,000	55,000	45,675	9,325
Payroll taxes	4,000	4,000	3,593	407
Education & training	3,000	3,000	8,815	(5,815)
Utilities	9,500	9,500	3,860	5,640
Vehicle	6,000	6,000	2,748	3,252
Mileage	2,500	2,500	767	1,733
Office supplies	100	100	-0-	100
Insurance	16,000	16,000	8,948	7,052
Supplies/repairs	18,000	18,000	9,022	8,978
Contract services	80,600	80,600	105,472	(24,872)
Miscellaneous	1,500	1,500	491	1,009
Capital outlay	6,500	6,500	-0-	6,500
Debt service:				
Principal	20,000	20,000	16,431	3,569
Interest	-0-	-0-	2,569	(2,569)
Total Expenditures	<u>222,700</u>	<u>222,700</u>	<u>208,391</u>	<u>14,309</u>
Excess:				
Revenues over (under) expenditures	(39,000)	(39,000)	102,358	141,358
Fund Balance - April 1	<u>39,000</u>	<u>39,000</u>	<u>150,811</u>	<u>111,811</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 253,169</u>	<u>\$ 253,169</u>



TOWNSHIP OF RICHFIELD  
WASTE DISPOSAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2007

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 330,088	\$ 330,088	\$ 327,888	\$ (2,200)
Interest	<u>30</u>	<u>30</u>	<u>-0-</u>	<u>(30)</u>
Total Revenues	<u>330,118</u>	<u>330,118</u>	<u>327,888</u>	<u>(2,230)</u>
Expenditures:				
Contract services	324,151	324,151	309,761	14,390
Capital outlay	<u>54,767</u>	<u>54,767</u>	<u>34,831</u>	<u>19,936</u>
Total Expenditures	<u>378,918</u>	<u>378,918</u>	<u>344,592</u>	<u>34,326</u>
Excess:				
Revenues over (under) expenditures	(48,800)	(48,800)	(16,704)	32,096
Fund Balance - April 1	<u>48,800</u>	<u>48,800</u>	<u>378,523</u>	<u>329,723</u>
Fund Balance - March 31	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 361,819</u></u>	<u><u>\$ 361,819</u></u>



**OTHER  
SUPPLEMENTAL  
INFORMATION**



TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2007

	<u>Special Revenue Funds</u>			
	<u>Road</u>	<u>Park</u>	<u>Liquor Law Enforcement</u>	<u>Construction Codes</u>
ASSETS				
Cash and investments	\$ 7,254	\$ 8,550	\$ 727	\$ 4,438
Taxes receivable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 7,254</u>	<u>\$ 8,550</u>	<u>\$ 727</u>	<u>\$ 4,438</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ 135	\$ -0-	\$ 1,058
Total Liabilities	<u>-0-</u>	<u>135</u>	<u>-0-</u>	<u>1,058</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>7,254</u>	<u>8,415</u>	<u>727</u>	<u>3,380</u>
Total Fund Equity	<u>7,254</u>	<u>8,415</u>	<u>727</u>	<u>3,380</u>
Total Liabilities and Fund Equity	<u>\$ 7,254</u>	<u>\$ 8,550</u>	<u>\$ 727</u>	<u>\$ 4,438</u>



				Debt Service Funds
Budget Stabilization	Drug Law Enforcement	Library	Cemetery	Fire Hall Bond
\$ 30,719 -0-	\$ 2,075 -0-	\$ 27,221 -0-	\$ 9,203 -0-	\$ 2,085 -0-
<u>\$ 30,719</u>	<u>\$ 2,075</u>	<u>\$ 27,221</u>	<u>\$ 9,203</u>	<u>\$ 2,085</u>
\$ -0-	\$ -0-	\$ 1,195	\$ 435	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>1,195</u>	<u>435</u>	<u>-0-</u>
-0- 30,719	-0- 2,075	11,215 14,811	-0- 8,768	-0- 2,085
<u>30,719</u>	<u>2,075</u>	<u>26,026</u>	<u>8,768</u>	<u>2,085</u>
<u>\$ 30,719</u>	<u>\$ 2,075</u>	<u>\$ 27,221</u>	<u>\$ 9,203</u>	<u>\$ 2,085</u>



TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2007

	<u>Capital Project Funds</u>			
	<u>Road Improvement</u>	<u>Sunset Drive</u>	<u>Piper</u>	<u>Lakewood Beach</u>
ASSETS				
Cash and investments	\$ 9,111	\$ 4,182	\$ 328	\$ 481
Taxes receivable	<u>-0-</u>	<u>1,700</u>	<u>600</u>	<u>2,400</u>
Total Assets	<u>\$ 9,111</u>	<u>\$ 5,882</u>	<u>\$ 928</u>	<u>\$ 2,881</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>9,111</u>	<u>5,882</u>	<u>928</u>	<u>2,881</u>
Total Fund Equity	<u>9,111</u>	<u>5,882</u>	<u>928</u>	<u>2,881</u>
Total Liabilities and Fund Equity	<u>\$ 9,111</u>	<u>\$ 5,882</u>	<u>\$ 928</u>	<u>\$ 2,881</u>



<u>Riverside Drive East</u>	<u>Riverside Drive West</u>	<u>Public Improvement</u>	<u>Maple Cemetery</u>	<u>Blueberry Acre</u>	<u>June Street</u>
\$ 3,024 <u>1,100</u>	\$ 1,876 <u>1,400</u>	\$ 4,293 <u>-0-</u>	\$ 374 <u>475</u>	\$ 3,623 <u>7,140</u>	\$ 690 <u>1,400</u>
<u>\$ 4,124</u>	<u>\$ 3,276</u>	<u>\$ 4,293</u>	<u>\$ 849</u>	<u>\$ 10,763</u>	<u>\$ 2,090</u>
\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>
-0- <u>4,124</u>	-0- <u>3,276</u>	-0- <u>4,293</u>	-0- <u>849</u>	-0- <u>10,763</u>	-0- <u>2,090</u>
<u>4,124</u>	<u>3,276</u>	<u>4,293</u>	<u>849</u>	<u>10,763</u>	<u>2,090</u>
<u>\$ 4,124</u>	<u>\$ 3,276</u>	<u>\$ 4,293</u>	<u>\$ 849</u>	<u>\$ 10,763</u>	<u>\$ 2,090</u>



TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2007

	<u>Capital Project Funds</u>			
	<u>Richter Street</u>	<u>Elm Street</u>	<u>Ausable River Estates</u>	<u>Hiawatha</u>
ASSETS				
Cash and investments	\$ 1,303	\$ 1,532	\$ 438	\$ 202
Taxes receivable	<u>880</u>	<u>720</u>	<u>2,600</u>	<u>-0-</u>
Total Assets	<u>\$ 2,183</u>	<u>\$ 2,252</u>	<u>\$ 3,038</u>	<u>\$ 202</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>2,183</u>	<u>2,252</u>	<u>3,038</u>	<u>202</u>
Total Fund Equity	<u>2,183</u>	<u>2,252</u>	<u>3,038</u>	<u>202</u>
Total Liabilities and Fund Equity	<u>\$ 2,183</u>	<u>\$ 2,252</u>	<u>\$ 3,038</u>	<u>\$ 202</u>



<u>Tamarack</u>	<u>Balsam Avenue</u>	<u>Barney-Matt</u>	<u>Hoffmeister</u>	<u>Mendota</u>
\$ 66	\$ 201	\$ 328	\$ 218	\$ 2,650
<u>-0-</u>	<u>480</u>	<u>630</u>	<u>650</u>	<u>3,100</u>
<u>\$ 66</u>	<u>\$ 681</u>	<u>\$ 958</u>	<u>\$ 868</u>	<u>\$ 5,750</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-
<u>66</u>	<u>681</u>	<u>958</u>	<u>868</u>	<u>5,750</u>
<u>66</u>	<u>681</u>	<u>958</u>	<u>868</u>	<u>5,750</u>
<u>\$ 66</u>	<u>\$ 681</u>	<u>\$ 958</u>	<u>\$ 868</u>	<u>\$ 5,750</u>



TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2007

	Capital Project Funds			
	Sioux Road	Brown Street	Loon Street	Lakeview
ASSETS				
Cash and investments	\$ 1,648	\$ 181	\$ 210	\$ -0-
Taxes receivable	<u>1,350</u>	<u>520</u>	<u>650</u>	<u>30,716</u>
Total Assets	<u>\$ 2,998</u>	<u>\$ 701</u>	<u>\$ 860</u>	<u>\$ 30,716</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>2,998</u>	<u>701</u>	<u>860</u>	<u>30,716</u>
Total Fund Equity	<u>2,998</u>	<u>701</u>	<u>860</u>	<u>30,716</u>
Total Liabilities and Fund Equity	<u>\$ 2,998</u>	<u>\$ 701</u>	<u>\$ 860</u>	<u>\$ 30,716</u>



<u>Pleasant West</u>	<u>Travis Street</u>	<u>Totals</u>
\$ -0- <u>15,176</u>	\$ -0- <u>13,224</u>	\$ 129,231 <u>86,911</u>
<u>\$ 15,176</u>	<u>\$ 13,224</u>	<u>\$ 216,142</u>
\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ 2,823 <u>2,823</u>
-0- <u>15,176</u>	-0- <u>13,224</u>	11,215 <u>202,104</u>
<u>15,176</u>	<u>13,224</u>	<u>213,319</u>
<u>\$ 15,176</u>	<u>\$ 13,224</u>	<u>\$ 216,142</u>



TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2007

	Special Revenue Funds			
	Road	Park	Liquor Law Enforcement	Construction Codes
Revenues:				
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ -0-
State	-0-	-0-	-0-	-0-
Charges for services	-0-	1,355	-0-	-0-
License and permits	-0-	-0-	-0-	37,291
Interest	384	519	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	50	1,858	-0-
Total Revenues	<u>384</u>	<u>1,924</u>	<u>1,858</u>	<u>37,291</u>
Expenditures:				
Wages	-0-	280	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	2,167	-0-	460
Mileage	-0-	-0-	1,177	-0-
Office supplies	-0-	-0-	-0-	171
Insurance	-0-	3,440	-0-	200
Supplies/repairs	-0-	2,685	-0-	1,350
Contract services	-0-	-0-	-0-	35,066
Miscellaneous	-0-	271	-0-	1,265
Capital outlay	-0-	-0-	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
Total Expenditures	<u>-0-</u>	<u>8,843</u>	<u>1,177</u>	<u>38,512</u>
Excess:				
Revenues over (under) expenditures	<u>384</u>	<u>(6,919)</u>	<u>681</u>	<u>(1,221)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>-0-</u>	<u>10,000</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>10,000</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expendi- tures and financing uses	384	3,081	681	(1,221)
Fund Balance - April 1	<u>6,870</u>	<u>5,334</u>	<u>46</u>	<u>4,601</u>
Fund Balance - March 31	<u>\$ 7,254</u>	<u>\$ 8,415</u>	<u>\$ 727</u>	<u>\$ 3,380</u>



				Debt Service Funds
<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Library</u>	<u>Cemetery</u>	<u>Fire Hall Bond</u>
\$ -0-	\$ -0-	\$ 8,032	\$ -0-	\$ -0-
-0-	-0-	3,143	-0-	-0-
-0-	-0-	2,107	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	2,243	484	111
-0-	-0-	53,804	-0-	-0-
-0-	436	1,972	15,178	-0-
-0-	436	71,301	15,662	111
-0-	-0-	34,455	1,825	-0-
-0-	-0-	3,213	58	-0-
-0-	-0-	8,097	-0-	-0-
-0-	-0-	1,252	-0-	-0-
-0-	-0-	64	-0-	-0-
-0-	-0-	2,199	-0-	-0-
-0-	-0-	668	800	-0-
-0-	960	19,112	3,549	-0-
-0-	-0-	1,328	7,980	-0-
-0-	-0-	1,364	1,205	-0-
-0-	-0-	16,681	3,000	-0-
-0-	-0-	-0-	-0-	-0-
-0-	960	88,433	18,417	-0-
-0-	(524)	(17,132)	(2,755)	111
-0-	-0-	10,000	-0-	-0-
-0-	-0-	10,000	-0-	-0-
-0-	(524)	(7,132)	(2,755)	111
30,719	2,599	33,158	11,523	1,974
<u>\$ 30,719</u>	<u>\$ 2,075</u>	<u>\$ 26,026</u>	<u>\$ 8,768</u>	<u>\$ 2,085</u>



TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUND  
YEAR ENDED MARCH 31, 2007

	<u>Capital Project Funds</u>			
	<u>Road Improvements</u>	<u>Sunset Drive</u>	<u>Piper</u>	<u>Lakewood Beach Subdivision</u>
Revenues:				
Taxes	\$ -0-	\$ 1,700	\$ 620	\$ 2,400
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>-0-</u>	<u>1,700</u>	<u>620</u>	<u>2,400</u>
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	4,809	2,810	292	2,789
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Total Expenditures	<u>4,809</u>	<u>2,810</u>	<u>292</u>	<u>2,789</u>
Excess:				
Revenues over (under) expenditures	<u>(4,809)</u>	<u>(1,110)</u>	<u>328</u>	<u>(389)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	<u>(4,809)</u>	<u>(1,110)</u>	<u>328</u>	<u>(389)</u>
Fund Balance - April 1	<u>13,920</u>	<u>6,992</u>	<u>600</u>	<u>3,270</u>
Fund Balance - March 31	<u><u>\$ 9,111</u></u>	<u><u>\$ 5,882</u></u>	<u><u>\$ 928</u></u>	<u><u>\$ 2,881</u></u>



<u>Riverside Drive East</u>	<u>Riverside Drive West</u>	<u>Public Improvement</u>	<u>Maple Avenue</u>	<u>Blueberry Acre</u>	<u>June Street</u>
\$ 1,100	\$ 1,400	\$ -0-	\$ 475	\$ 7,140	\$ 1,400
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
1,100	1,400	-0-	475	7,140	1,400
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
514	990	221	227	5,445	1,377
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
514	990	221	227	5,445	1,377
586	410	(221)	248	1,695	23
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
586	410	(221)	248	1,695	23
3,538	2,866	4,514	601	9,068	2,067
<u>\$ 4,124</u>	<u>\$ 3,276</u>	<u>\$ 4,293</u>	<u>\$ 849</u>	<u>\$ 10,763</u>	<u>\$ 2,090</u>



TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2007

	Capital Project Funds			
	Richter Street	Elm Street	Ausable River Estates	Hiawatha
Revenues:				
Taxes	\$ 880	\$ 720	\$ 2,600	\$ -0-
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>880</u>	<u>720</u>	<u>2,600</u>	<u>-0-</u>
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	497	326	2,572	-0-
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Total Expenditures	<u>497</u>	<u>326</u>	<u>2,572</u>	<u>-0-</u>
Excess:				
Revenues over (under) expenditures	<u>383</u>	<u>394</u>	<u>28</u>	<u>-0-</u>
Other Financing Sources (Uses):				
Operating transfers in	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expendi- tures and financing uses	383	394	28	-0-
Fund Balance - April 1	<u>1,800</u>	<u>1,858</u>	<u>3,010</u>	<u>202</u>
Fund Balance - March 31	<u>\$ 2,183</u>	<u>\$ 2,252</u>	<u>\$ 3,038</u>	<u>\$ 202</u>



Tamarack	Estwood	Balsam Avenue	Barney-Matt	Hoffmeister	Mendota
\$ -0-	\$ -0-	\$ 480	\$ 630	\$ 650	\$ 3,100
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	480	630	650	3,100
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
306	63	227	327	885	2,230
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>306</u>	<u>63</u>	<u>227</u>	<u>327</u>	<u>885</u>	<u>2,230</u>
(306)	(63)	253	303	(235)	870
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
(306)	(63)	253	303	(235)	870
<u>372</u>	<u>63</u>	<u>428</u>	<u>655</u>	<u>1,103</u>	<u>4,880</u>
\$ 66	\$ -0-	\$ 681	\$ 958	\$ 868	\$ 5,750



TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUND  
YEAR ENDED MARCH 31, 2007

	Capital Project Funds			
	Sioux Road	Brown Street	Loon Street	Lakeview
Revenues:				
Taxes	\$ 1,350	\$ 520	\$ 650	\$ 30,716
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>1,350</u>	<u>520</u>	<u>650</u>	<u>30,716</u>
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	656	554	1,740	-0-
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Total Expenditures	<u>656</u>	<u>554</u>	<u>1,740</u>	<u>-0-</u>
Excess:				
Revenues over (under) expenditures	<u>694</u>	<u>(34)</u>	<u>(1,090)</u>	<u>30,716</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	694	(34)	(1,090)	30,716
Fund Balance - April 1	<u>2,304</u>	<u>735</u>	<u>1,950</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 2,998</u>	<u>\$ 701</u>	<u>\$ 860</u>	<u>\$ 30,716</u>



<u>Pleasant West</u>	<u>Travis Street</u>	<u>Totals</u>
\$ 15,176	\$ 13,224	\$ 94,963
-0-	-0-	3,143
-0-	-0-	3,462
-0-	-0-	37,291
-0-	-0-	3,741
-0-	-0-	53,804
-0-	-0-	19,494
<u>15,176</u>	<u>13,224</u>	<u>215,898</u>
-0-	-0-	36,560
-0-	-0-	3,271
-0-	-0-	8,097
-0-	-0-	3,879
-0-	-0-	1,241
-0-	-0-	2,370
-0-	-0-	5,108
-0-	-0-	27,656
-0-	-0-	74,231
-0-	-0-	4,105
-0-	-0-	19,681
<u>-0-</u>	<u>-0-</u>	<u>186,199</u>
<u>15,176</u>	<u>13,224</u>	<u>29,699</u>
<u>-0-</u>	<u>-0-</u>	<u>20,000</u>
<u>-0-</u>	<u>-0-</u>	<u>20,000</u>
15,176	13,224	49,699
<u>-0-</u>	<u>-0-</u>	<u>163,620</u>
<u>\$ 15,176</u>	<u>\$ 13,224</u>	<u>\$ 213,319</u>





James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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**COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND MATERIAL WEAKNESSES**

October 10, 2007

Township Board  
Richfield Township  
Roscommon County, Michigan

In planning and performing my audit of the financial statements of the governmental activities and each major fund of the Township of Richfield, Michigan as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered Richfield Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the following deficiencies to be significant deficiencies in internal control.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Township Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

MEMBER MACPA and AICPA

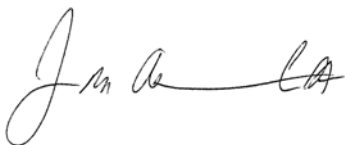


All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the Township has historically relied on its independent external auditor to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot, by definition, be considered a part of the government's internal controls. This condition was caused by the Township's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control. I believe that the deficiencies described above are material weaknesses.

In addition, I noted other matters involving the internal control and its operation that I have reported to the management of Richfield Township in a separate letter dated October 10, 2007.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

A handwritten signature in cursive script, appearing to read "James M. Anderson".

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT



**RICHFIELD TOWNSHIP**  
**REPORT TO MANAGEMENT**  
**MARCH 31, 2007**





## James M. Anderson, P.C.

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October 10, 2007

Township Board  
Richfield Township  
Roscommon, Michigan

In planning and performing my audit of the financial statements of the Richfield Township, as of and for the year ended March 31, 2007, I considered the Township's accounting, operational, and internal control procedures to determine the nature and extent of my audit testing for the purpose of expressing an opinion on the financial statements of the Township and not to provide assurance on the procedures themselves.

I did however, during the course of my audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated October 10, 2007, on the financial statements of Richfield Township.

I have already discussed these comments and suggestions with the Township's personnel, and I will be pleased to discuss them in further detail at your convenience, and/or to perform any additional studies of these matters, should you so desire.

Sincerely,

A handwritten signature in dark ink, appearing to read "J M Anderson", written over a horizontal line.

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT



**RICHFIELD TOWNSHIP  
COMMENTS AND RECOMMENDATIONS**

**Budget Law**

Public Act 621 of 1978, entitled the Uniform Budgeting and Accounting Act, requires that the Township Board adopt a general appropriations act. The adoption of a general appropriations act encompasses all governmental funds of the Township.

The Act provides, in part, that expenditures incurred on a functional basis cannot exceed the budgeted amounts. During the year ended March 31, 2007, certain areas did exceed the budgeted amounts as noted below.

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Elections	\$ 7,950	\$ 8,326	\$ (376)
Treasurer	\$ 43,100	\$ 43,960	\$ (860)
Township Hall	\$ 214,950	\$ 216,252	\$ (1,302)
Special Revenue Funds:			
Law Enforcement	\$ 440,997	\$ 450,652	\$ (9,655)

**Cash and Investments**

Bank reconciliations should be done on a timely basis each month as well as a comprehensive reconciliation of the cash and investments held by the Township with the individual funds. A copy of the reconciliation should be kept with the monthly bank statements. As of the date of the audit, monthly reconciliations had not been completed for the months subsequent to the audit period. I recommend that the Clerk and Treasurer's office work together to have the general ledger and bank accounts reconciled within 15 days of each month end.

**Trust and Agency Account**

The trust and agency activity should be posted and reconciled each month with the bank. The individual liability accounts should be maintained as well to ensure they are properly disbursed to the third parties. At the time of the audit, these accounts had not been posted to the general ledger for the entire year. I recommend this be done each month and reconciled with the bank within 15 days of each month end.

**Tax Accounts and Special Assessments**

During the tax collection testwork, it was discovered that some special assessments for the 2007 tax year were being paid directly to the vendors from the tax account rather than being transferred to a special assessment Fund. I recommend that special assessment funds be established for each assessment and 100% of the tax collection be transferred to the fund before disbursements are made to the vendors. It is my understanding that the Treasurer will be doing this in the future.



**RICHFIELD TOWNSHIP  
COMMENTS AND RECOMMENDATIONS (CONTINUED)**

**General Ledger**

Richfield Township is in the process of computerizing its general ledger. However, for the audit period, the hand system was still being used and had not been posted on a monthly basis. The general ledger had to be brought up to date for the audit to be completed. This also lends to the problem of not being able to properly reconcile the cash accounts. It is my understanding that the Clerk's office will be using a computerized system for the upcoming year. This system needs to be reconciled with the Treasurer's bank reconciliation each month and any difference corrected on a timely basis.

**Payroll**

During my testwork of the payroll system I found that many of the employees did not have a current W-4 and pay rates and other deduction documentation were not organized in a manner that made them readily available. I recommend that the employee files be organized and brought up to date with current pay rates, deduction elections, W-4's and supporting information.





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October 10, 2007

Township Board  
Richfield Township  
Roscommon County, MI

Dear Board Members:

I have audited the financial statements of each major fund and the aggregate remaining fund information of the Township of Richfield for the year ended March 31, 2007, and have issued my report thereon dated October 10, 2007. Professional standards require that I provide you with the following information related to my audit.

### My Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in my engagement letter dated November 16, 2007, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

As part of my audit, I considered the internal control of the Township of Richfield. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Richfield Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Richfield are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the Township of Richfield during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

MEMBER MACPA and AICPA



#### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Richfield Township's financial reporting process (that is, cause future financial statements to be materially misstated).

The following adjustment, in my judgement, indicate matters that could have a significant effect on Richfield Township's financial reporting process:

1. Fund Balance reconciliations - This adjustment reconciles the fund balance to the prior year audit report.
2. Accrual Adjustments - These adjustments reconciled the receivables for taxes and grants and the payables for wages, fringe benefits and miscellaneous vendors.

These accruals were not made internally by management because they use a cash basis of accounting for the intended record keeping. All of the audit adjustments proposed have been posted by management.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves applications of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.



Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Richfield Township's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing my audit.

This information is intended solely for the use of management and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "James M. Anderson".

James M. Anderson, P.C.  
Certified Public Accountant